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SUMMARY STATEMENT ON SPAIN WITH SPECIAL REFERENCE TO THE ENERGY--ETC(U)
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SUMMARY STATEMENT ON SPAIN
WITH SPECIAL REFERENCE TO THE ENERGY CRISIS

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A Research Paper Prepared for
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Washington, D.C.
March 14, 1975

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Summary Statement on Spain
with Special Reference to the Energy Crisis

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The Global Context


Any judgments made with respect to the current world energy situation must be hedged and qualified in a major way as the process of adjustment to the new and higher price per barrel of crude oil as of January 1, 1974 has not yet been completed. An initial World Bank study done soon after the OPEC nations had quadrupled their oil prices indicated that by 1980 oil country surpluses would reach \$653 billion. In less than nine months the World Bank has drastically reduced this projection, as a combination of energy consumption cuts in the developed countries and an unexpectedly high demand for imports in the oil producing countries have invalidated the assumptions of the original study.¹ The situation is very much in flux with the most uncertain factor being the price of oil in the longer run relative to other goods.

Schemes to recycle the potential petrodollar overhang² alternate with proposals to lower the price for oil but provide the oil producers with a guaranteed minimum floor price over an extended period.³ The outcome is far from certain at the present moment and any assessment of the impact of the energy crisis on a particular country can be no more than a point of departure for future analytical work.

1. The original World Bank projection was in current dollars. Expressing the trend in constant dollars would have resulted in a figure of \$411 billion. On this point see Michael C. Jensen "Petrodollar Outlook" New York Times, February 13, 1975.
2. Khodadad Farmanfarmaian et. al., "How Can the World Afford OPEC Oil?" Foreign Affairs, January 1975.
3. Secretary of State Henry Kissinger, Speech to the National Press Club, Washington, D. C., February 3, 1975.

Spain and Oil

↓ In 1973 Spain produced 5% of Europe's 15.6 million tons of oil. In Europe Spain ranked seventh in volume of production behind West German, Austria, Norway, Holland, France and Italy. Although in 1974 Spain's production increased due to a doubling of output in the Amposta field,⁴ and this would improve her ranking somewhat among European producers, it is important to remember that European production is absolutely irrelevant in the global context. In the Western hemisphere there are five countries that produce more petroleum than all of the Western Europe states combined, in the Near East seven, in Africa 3, in the Far East three and in the Socialist Bloc 2. European petroleum production in 1973 was only 1/2 of 1% of world production. (In that year the Mid East countries had 38% of world production and 56% of the world's proven reserves--OECA figures.) Thus, in the geographic location of world petroleum production, Spain finds itself in the dangerous position of being a marginal portion of a marginal figure. A further complication in the Spanish situation is that the country has been industrializing very rapidly in the past 15 years and now must be ranked as a relatively industrialized country in terms of its oil needs. Within Spain the production-consumption equation resulted in a 98% dependency on foreign oil according to the government's own figures for 1973.⁵ Spain can take some small consolation from the fact that her dependent situation is shared by the other Western European nations although northern Europe's dependency will certainly be tempered in the future by the bringing into production of reserves in the North Sea.



4. "El Petroleo" Las Monografias de Informaciones, February 4, 1975, p.3

5. Secretaria General Tecnica del Ministerio de Hacienda La Crisis del Petroleo, Madrid 1974, p. 54

The Impact of the Oil Crisis on the Spanish Economy

Significantly, the Spanish government finds itself in a much more difficult position to cope with the increased petroleum price than would have been the case fifteen years earlier, when OPEC was founded in 1960. Table 1 indicates the marked change in the pattern of energy consumption in Spain, a result both of rapid economic growth and the low price of oil relative to other energy forms. (The petroleum producers argue that rapid economic growth in the OECA area was in part due to artificially low petroleum prices.)

Table 1⁶
Primary Energy Consumption in Spain

Class of Energy	Percent of Total	
	1960	1973
Coal	46	17
Crude Oil	31	65
Natural Gas	0	2
Hydroelectric	23	13
Nuclear	0	3
	<u>100</u>	<u>100</u>

The use of coal as an energy source has dropped precipitiously while the use of oil increased at approximately 16% per year throughout the decade of the 1960s.

While Spain was becoming increasingly dependent on petroleum to fuel her modernizing economy the country was becoming dependent as well on one geographic area for her petroleum imports and in fact, one country within that geographic area, Saudi Arabia. Table 2 shows this shift in geographic dependency.

Over the past few years, the geographic structure of Spain's petroleum imports has tended to shift toward the Persian Gulf and Mediterranean area. Roughly 95 per cent of Spanish requirements now originate in this zone with one

6. ibid page 18.

Table 2⁷
Crude Oil Deliveries to Spanish Refineries by Country of Origin

Zone	Country	Percent of Total	
		1960	1973
Persian Gulf and Mediterranean	Saudia Arabia	35.45	48.00
	Duboi		6.61
	Irak	21.50	5.95
	Iran	18.67	12.37
	Kuwait	10.05	6.50
	Algeria		10.70
	Libya		3.81
	total	85.67	93.94
West Africa	Angola		0.23
	Nigeria		0.51
	total		0.74
South America	Venezuela	14.33	3.13
Asia	Russia		0.78
Europe	SPAIN		1.41
	TOTAL	100.00	100.00

country, Saudia Arabia, providing almost 50 percent. These figures of concentration are greater than for the majority of other European countries.

Thus, in terms of energy consumption, Spain is a highly vulnerable country on two counts, dependence on oil, and dependence on one country supplying that oil. Recent figures indicate that seventy percent of Spain's primary energy materials come from the exterior and of the total imported, 85 percent is petroleum and of this amount 90 percent comes from Arab countries.⁸

7. ibid. page 51.

8. Ramon Tamames, "Perspectivas de la Problematica Energetica Mundial," Conferencias, Banco Mas Sarda, Barcelona, Spain April 4, 1974.

As in other developed countries, the recent quadrupling of petroleum prices is the most negative single factor affecting the Spanish economic outlook. Petroleum imports now account for 20 percent in 1973. For the Spanish economy as a whole, the incremental increase in foreign exchange outflow for petroleum has been estimated at between 1.5 and 2.5 billion dollars.⁹

Throughout 1974, the Spanish government attempted to insulate the economy from the effects of the crude oil price increase. Internally, the government renounced income from its petroleum monopoly, and arranged to subsidize petroleum product prices, holding them well below prices adopted by most other developed countries. In Europe, for example, average prices for diesel oil and fuel oil are 21 percent and 49 percent higher.¹⁰ This had the effect of sustaining the demand for these products at about the same annual rate of increase as that of the last five years, 13.4 percent.¹¹ In 1974, other European countries were cutting their use of petroleum, but the Spanish government opted for a policy of gradual adjustment to the crisis, using extensive foreign exchange holdings to purchase expensive Arab oil. The Spanish current account balance passed from a surplus of \$560 billion in 1973, to a deficit estimated at \$3,500 in 1974, and according to official sources, increased oil prices in 1974 accounted for 62 percent of the net decline in the trade balance.¹²

The policy of isolating the Spanish economy from the impact of oil price increases was relatively successful. Growth in GNP averaged 5.4 percent in real terms compared with only 0.25 percent for the overall OECD country group (OECD figures). The price paid was a double one however. The lost income from the petroleum monopoly's low price policy and other deficit financed government

9. U.S. Department of Commerce, Economic Trends, Spain, October 1974, p.6.

10. Informaciones Economicas, January 25, 1975, p. 1.

11. Budget message to the Spanish Cortes, January 1975.

12. ibid.

subsidies contributed heavily to Spain's 18 percent inflation rate in 1974. In addition, the loss in foreign reserves due to higher oil prices poses a serious threat to Spain's international credit position and her ability to secure access to continued external financing for future economic development. The policies followed by the Spanish government in 1974 are unsustainable over the long run and on January 25, 1975, two important measures were adopted by the Council of Ministers, an average increase of 17 percent in most products derived from petroleum, and approval of the long awaited energy plan.¹³

The basic data concerning the energy plan can be gleaned from Table 3.

Table 3¹⁴
Evolution of the Spanish Demand for Primary Energy in Percentages

Energy Type	1960	1970	1973	1980	1985
Coal	46.6	21.9	17.1	17.1	13.7
Hydroelectric	24.6	15.5	12.0	9.1	8.2
Oil	28.8	61.8	69.9	55.8	43.8
Natural Gas	-	0.3	1.4	7.1	10.9
Nuclear	-	0.5	2.6	10.9	23.4
Total	100.00	100.00	100.00	100.00	100.00

In the plan, the Spanish government has made a laudable attempt to diversify its energy requirements away from dependence on oil by means of enormous investments in hydroelectric, natural gas, and nuclear energy sources. The energy sector of the Spanish economy already absorbs one third of Spanish industrial investment and whether the contemplated increases can be squeezed out of other areas remains uncertain at this point.

What is not uncertain is the drive with which the government is pursuing the policy of diversification. Contracts have been signed with Algeria for long term supplies of natural gas and with the Soviet Union to cover Spain's uranium needs

13. Informaciones Economicas, January 25, 1975 p.1.

14. ibid.

through 1980. Spain has also joined URODIF, thus linking her nuclear power industry with the major European states. In addition, Spain became a somewhat reluctant member of the International Energy Agency, thus tying her fortunes with the major oil consuming nations and shifting her long time policy of refusing any confrontation with the Arab states.¹⁵

As a footnote to the energy crisis it is worth remarking that all the previous optimistic projections concerning Spain's relative economic ranking among European states by 1985 must now be redone. Given the momentum built up in the decade of the 1960s, a study using World Bank figures had Spain ranked number 16 among developed countries in GNP per capita by 1985, just behind the United Kingdom.¹⁶ And at least one study done by a reputable Spanish economist had Spain ranked number 10 in GNP/cap. by 1985 ahead of Italy, Holland, Austria and the U.K.¹⁷ At this juncture it is impossible to predict with any accuracy what the future will hold for the Spanish economy.

The Potential Impact of Economic Developments

Past growth of the Spanish economy has, however, had an irreversible impact on the contemporary Spanish scene. In one decade Spain's largely agricultural-based economy has been transformed into a semi-industrial one.* Though the

¹⁵Spanish Economic News Service, December 2, 1974.

¹⁶Edmund Stillman, et al., L'Envol de la France dans les annees 80 (Paris: Hachette, 1973), p. 58.

¹⁷Ramon Tamames, "La Espana de 1985," Actualidad Economica, July 21, 1973, p. 15.

*As one close student of contemporary Spain has put it, "The changes are fundamental, Spain has ceased to be a rural country. In the past, Spanish class and social structure was essentially determined by this rural pattern, and there is no datum that tells more about the current social structure in Spain than the rural-urban population ratio. . . . The basic and dramatic change is in the absolute number of rural workers. Effectively, this absolute reduction in numbers has meant a certain depoliticization of the countryside." Juan J. Linz, "The Structure of Spanish Society: A Sociological Interpretation," in William T. Salisbury and James D. Theberge (eds.), Spain in the 1970s and Beyond: Problems of Change and Transition (New York: Praeger, Summer 1975).

agrarian problem is not as volatile as it had been in the 1930s, archaic rural property structures, obsolete agricultural methods, protectionist governmental subsidies, and under-capitalization have continued to make agrarian issues salient on the local level. Whereas 54 percent of the population worked on farms in 1940, presently the figure is 27 percent with the result that agriculture now accounts for only 13 percent of gross domestic product.¹⁸ Industrialization has greatly accelerated the process of landless rural laborers migrating northward. If the existing trend continues, three-fourths of the Spanish population will be living in urban centers, and 40 percent of the labor force will be employed in industry by 1980. By 1985, 60 percent of the total population will live in the five largest metropolitan areas of Madrid, Barcelona, Valencia, Bilbao and Seville with the population of Madrid doubling to six million.¹⁹ In addition, studies indicate that the active population in the agricultural sector will fall to 20 percent in 1980, 14 percent in 1990 and to just 10 percent by the year 2000. In that same year the service sector of the economy will employ 40 percent of the active population while industry will occupy 50 percent.²⁰ Such fundamental economic and demographic changes cannot but have an enormous impact on Spanish political life and institutions although the magnitude of that impact is presently difficult to discern.

Since 1959 the Spanish economy has undergone a remarkable volte face. The average growth rate of per capita income from 1961 to 1970 was 6.45 percent. With respect to sheer rates of increase in GNP, Spain was exceeded during the past decade only by Japan. Spain's economic advance has been uneven however. While enormous progress has been achieved in the capital intensive sectors of

¹⁸OECD, Agricultural Policy in Spain, Paris, 1974, p. 7.

¹⁹SENS, December 2, 1974.

²⁰Julio Alcaide Inchausti in Arriba, March 1, 1975.

consumer durables, similar gains have not been made in more basic human comforts. For example, only about three out of four Spanish homes have running water with this falling to one out of five in certain rural areas. Furthermore, despite notable strides in recent years, public services are also deficient--especially in education. The Spanish presently devote only 2.2 percent of their GNP to education (up from 1.2 percent in 1962) compared with an average of more than five percent for other Western European countries. During Spain's most rapid period of development as much as thirteen percent of the population was still considered functionally illiterate and the present rate of illiteracy in Spain is still believed to be in the neighborhood of eight percent.²¹

In addition to these asymmetries, the Spanish "miracle" is faced with potential danger on several fronts during the remainder of the 1970s. First, inflation has increased at a dangerous rate, topping 14 percent in 1973, estimated at 18 percent or higher for 1974 and projected for 1975 at a level "well in excess of 20 percent."²² Secondly, the demand for imports deriving from domestic industrial expansion has produced a large trade deficit that has only been transformed into a positive balance of payments through surpluses generated by the tourist trade, foreign investments, and remittances from Spaniards working abroad. Recent figures indicate that receipts from tourism amount to roughly 70 percent of exports and Spain has now earned as much from tourist income as all European states once received under the Marshall Plan. Similarly, total private investment in Spain rose from \$40 million in 1960 to

21. Salustino del Campo Urbano, "Composicion, dinamica y distribucion de la poblacion espanola," in La Espana de los Anos 70, Manuel Fraga Iribarne al Editorial Moneda y Credito, Madrid 1972, p. 99.

22. U.S. Department of Commerce, Economic Trends, Spain, October, 1974, p. 4.

approximately \$800 million in 1973,²³ while emigrant remittances currently amount to \$1,200 million per year. It should be emphasized that these three foreign exchange flows--tourist receipts, foreign investment and emigrant remittances--depend in a major way on international circumstances and are thus largely beyond the control of Spanish officials. For example, it will be extremely difficult for Spanish policy makers to insulate their nation from the economic consequences of the present European recession. Already tourism is down 13-14 percent in 1974 although due to inflation dollar proceeds remain at 1973 levels.²⁴ A third lingering problem centers upon the continued fragmentation of Spain's industrial effort as a result of protectionist measures that have forestalled mergers among the nation's numerous small enterprises. Of the world's two hundred largest companies, none are Spanish; of Europe's five hundred top industrial concerns, only seven are Spanish firms.

The Political Status of Principal Institutions

Historically, the army and Church have been Spain's most important non-governmental institutions. Under Franco's partially institutionalized authoritarian regime the army has maintained a "semi-equal" status; that is, although the military has a special role in terms of exercising a veto (e.g., the 1969 "state of exception"), it does not dominate the regime as in Brazil or formerly in Greece. At present the army is proportionately smaller and obtains a feeblar percentage of the national budget than at any other juncture in Spanish history. (Spain spends \$19 per capita on defense versus \$140 in Sweden according to OECD figures.) Franco has been able to reduce and tame the army by manipulating senior commands, stressing professionalism, and acknowledging in a ceremonial way

23. "Inversiones Extranjeras: Intento documentado de una estadística imposible," Actualidad Economica, June 16, 1973.

24. Spanish Economic New Service, December 10, 1974.

the military's unique societal position. Consequently, the officer corps has become a quasi-state bureaucracy that has manifested what some see as a neo-constitutional commitment and a general inclination to stay out of politics.

To date only a small portion of the army is politicized. At the upper echelon Franco has relied upon hard-line fundamentalists as a mainstay of his regime. On the junior level, however, there is a radical Rightist element that has expressed criticism of both opposition groups and certain regime policies. Though it would be an exaggeration to say that this faction currently harbors praetorian ambitions, it is conceivable that these individuals might advocate intervention in certain situations after any post-Franco transfer of power.

Close observers of the Spanish military seem to feel, however, that the limiting case for intervention would be a call to put down disorders led by housewives expressing grievances on distinctly economic as opposed to political issues: to wit, rapidly rising prices. Under such circumstances the military forces would most likely find it impossible to carry out their mission.²⁵

Another quite crucial situation revolves about transforming the organization of the Spanish labor movement. Despite some liberalization in recent years, Spain's corporativistic system is portrayed as one of the major impediments to her desired entry in the European Economic Community. Given this strong motivation for altering the sindicato infrastructure, and the strength of the illegal comisiones obreras (not to mention their penetration by the Communist Party), the labor issue might become a source of unrest precipitating

25. Private information, Madrid, January 1975.

some form of military intervention.²⁶ According to Article 13 of the Constitution, the armed forces are to guarantee national unity and defend the institutional system. In view of the army's concern with legality and the controlling function given to them by the Constitution, they are charged with the responsibility of defining how the institutional system should work if it cannot run smoothly upon Franco's demise. Thus the army will continue to play a major role throughout the 1970s guaranteeing the unity and continuity of the Spanish system. Any prolonged intervention, however, might ultimately extract its toll in terms of the unity of the military itself.

The Church also faces a particularly difficult role in the future though it will not be perhaps as important a political factor as the army. At least since Vatican II the Church has been unable to serve as the organizational basis for a Christian Democratic Party with a coherent set of political positions on the European model. It would be difficult to build a party with a church in which one finds various members identified with regional nationalisms, bridge-building with Marxists, social progress, maintaining stability, or withdrawing into purely pastoral activity. According to this view ecclesiastical influence in the political arena of the 1970s will be largely indirect and diffuse.²⁷

Governmental Prospects

Despite Franco's obvious successes in the realm of pragmatic politics, the problems of maintaining loyalty, institutionalizing the regime, and in-

26. Arnold Hottinger, "Spain in Transition," The Washington Papers #18, Center for Strategic and International Studies, Georgetown University, Washington, D.C., 1974, pp. 11-12.

27. For a detailed examination of the role of the church in contemporary Spain see: Tad Szulc, "The Church in Spain--Old and New," in W.T. Salisbury and James D. Theberge (eds.), op.cit.

sureing its perpetuation after his death remain.²⁸ The prospects for a peaceful transition were probably improved as a result of the success of the Spanish regime in dealing with the dual crises of the last fourteen months, the assassination of Carrero Blanco on December 20, 1973 and Franco's near fatal illness in July 1974. In both instances the machinery of Franco's state moved effectively if not decisively to maintain the continuity of the governmental process. Arias Navarro was sworn in on January 2, 1974, a few days beyond the ten days' lapse specified in the Organic Law for the designation of a new Prime Minister.

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28. The literature on the transition to a post-Franco era is voluminous. Since the issue is obviously a delicate one within Spain, commentaries there are cautious but points of view tend to be predictable and of a partis pris variety. A representative sample of comment by foreign observers would include:

Yorick Blumenfeld, "Threatened Spanish Succession," Editorial Research Reports #20, May 1974.

- X Richard Comyns Carr, "Spain: The Problem of Continuismo," The World Today 28 (July, 1972).

David Holden, "The Waning Reign in Spain," The New York Times Magazine, September 1, 1974.

- X Arnold Hottinger, "Spain in Transition: Franco's Regime," The Washington Papers #18, The Center for Strategic and International Studies, Georgetown University, Washington, D.C. 1974, 62 pp.

Arnold Hottinger, "Spain in Transition: Prospects and Policies," The Washington Papers #19, The Center for Strategic and International Studies, Georgetown University, Washington, D.C., 1974, 65 pp.

Marcel Niedergang, "Spanish Succession: A Long Haul From the Civil War," The Guardian, two parts, December 21 and 28, 1974.

- X Robert Moss, "Spain After Franco," The World Today, August 1973.

Stanley Payne, "In the Twilight of the Franco Era," Foreign Affairs #49, January 1971.

Vicente Pilapil, "Franco's Rule: Institutionalization and Prospects of Succession," in William T. Salisbury and James D. Theberge (eds.), op. cit.

He immediately nominated his own team of ministers, removing the last Opus Dei member, Lopez Rodo, from the Cabinet and eventually sweeping out the remaining Opus members and their sympathizers from the sub-Cabinet "political posts."

Navarro's new Cabinet was composed of rather conservative but non-ideological administrators who had made careers in the Spanish bureaucracy rather than rising in professional organizations or the universities. The Navarro government suffered a major blow when pressure from regime conservatives forced out the liberal minister of information Pio Cabonillas in the fall of 1974 with the resulting sympathy resignation of the Second Vice Premier and Minister of Finance Barrera de Irimo (only the second such resignation from Franco's government in thirty-five years). Nevertheless, the Premier has shown himself to be a tough and pragmatic administrator who is not afraid to advance what for Spain are relatively liberal political programs, programs which face strong opposition by ultra rightists within and without the government. Thus in announcing his program to the Cortez after taking office Arias Navarro promised that in the future that Spanish mayors would be elected rather than nominated by the Ministry of the Interior, that government officials would be prohibited from sitting in the Cortez, that a liberalization of the Sindicatos would be effected and finally that the long discussed law on political associations would be promulgated.

Throughout the course of 1974 the Navarro platform was cut back by conservative opposition forces which crystallized around the ancient figure of Jose Antonio Giron, Franco's Minister of Labor for seventeen years. It seems clear to many observers, however, that what is presently occurring is a rear guard action by determined rightists. This action can slow but not stop the inevitable liberalization of Spanish political life in the post-Franco period.

One can certainly view the cabinet "readjustment" in early March 1975 in the above light.

Of course, from the perspective of the immediate transition to a post-Franco regime, much depends upon how much longer the Caudillo will remain on the political scene and how many major decisions he will make during that period. Several situations are possible: (1) Franco's personal entourage may literally attempt to govern in his name if he physically deteriorates to the point where he can no longer perform his duties; (2) Franco may resign as Head of State in order to "observe" Juan Carlos play his initial cards; or perhaps (3) Franco may remain in what might be termed a "semi-hibernation ruling position." Version number three seems the most likely one at present. Regardless of which (if any) of these variants occur, the critical moment will come when the regime faces an important decision after Franco has passed away.

Much of the ongoing speculation concerning Spain after Franco's death centers upon Juan Carlos. Given the historical question of his legitimacy and the fact that he succeeds Franco within a constitutional framework allowing him very limited powers, the degree to which the Prince can effectuate a political "face-lifting" while balancing the need to provide regime continuity with the trend toward liberalization remains uncertain.

The sweeping socio-economic transformations of the sixties were accompanied by more cautious but tangible steps toward political relaxation and toleration. At present the regime is confronted by opposition forces that are fractionalized and generally impotent. The heterogeneous illegal opposition is very fragmented (e.g., regional nationalists, revolutionary parties, etc.) and has been weakened by governmental repression and internal schisms. According to one recent study,²⁹ the various subversive groups on the left

X 29. Robert Moss, Revolutionary Challenges in Spain, Institute for the Study of Conflict Special Report, London, June 1974, 37 pp.

number about forty while the right wing extremist groups which have used violence number at least six. In addition to the groups which advocate violence there exist two other broad groupings of opposition figures. The legal (or collaborationist) opposition consists of dissident sectors of Carlist and Falangist opinion, while the a-legal opposition is composed of Christian Democratic and liberal Nationalist elements. Both of these opposition groups are tolerated by the regime, but probably only the latter possesses potential influence in key areas of society. In sum, in the view of this observer, the regime's immediate political future will be less influenced by opposition activity than by the weight of Spain's constitutional mechanism, socio-economic conditions, and pressures for closer ties with the European Economic Community.

As of this moment the most likely scenario after Franco seems to be some form of system of regime continuity under Juan Carlos as King. A revolutionary or counter-revolutionary scenario seems implausible in a country as economically developed and pluralistic as Spain. Equally implausible after Franco's death would be any rapid movement toward a democratic system. There has been no preparation within Spain for such an outcome and healthy political parties and representative parliamentary institutions do not come into being quickly. Under the Juan Carlos alternative an optimistic view might envisage a period of several years in which constituent elements of Spanish political life engaged in more or less open lobbying and pressure for and against political liberalization. The beginnings of just such a struggle are visible now in the commentaries appearing in Spanish newspapers as well as in the plethora of new magazines now available on Spanish news stands. In fact, the diversity and intensity of Spanish political commentary are stunning when set against the unspectacular and predictable opinions of the Spanish journalism of several years past.

Portugal and Spain: A Postscript

Recently much has been made by various analysts of the impact of events in Portugal on the process of transition to a post-Franco era in Spain. Several fundamental facts must be kept firmly in mind during any exercise in comparing political outcomes in these two countries. In the first place, Spain is more than five times the physical size of Portugal, 504,000 square kilometers to 91,000 and almost four times as large in terms of population, 35 million to 8.6 million. In addition, no single city dominates Spain politically, economically and strategically to the extent that Lisbon dominates Portugal. Though the Portuguese GNP has grown at a very respectable rate in recent years, actually slightly outpacing Spain, 6.6 percent to 5.7 percent from 1966-1971, Portugal is a much poorer country than Spain. Spain has a complicated industrial economy with a GNP more than six times as large as that of Portugal, \$44.8 billion to \$6.8 billion and on a per capita basis still almost twice as wealthy, \$1,300 per head to \$780.* Given the further degree of industrialization of the Spanish economy one would expect a somewhat less skewed income distribution curve in Spain as well. All of the above factors would tend to militate against as rapid a shift in political circumstances in Spain as has seemed to be the case for Portugal in the course of events since the April 1974 revolution. One would expect a greater degree of political stability from a country in which the population at large had as clear and visible a stake in the preservation of the smooth functioning of the economic system.

* 1971 OECD figures.



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